

Building the Business Case

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Analysis**



SBA Problems

- **SBA is supposed to be “lust to dust”**
 - BUT seems to affect only Programme Managers
- **SBA needs culture change**
 - BUT seems to affect only Programme Managers
- **Result**
 - Initiative fatigue
- **Unless SBA starts at the top it won’t work!**

Role at Board level

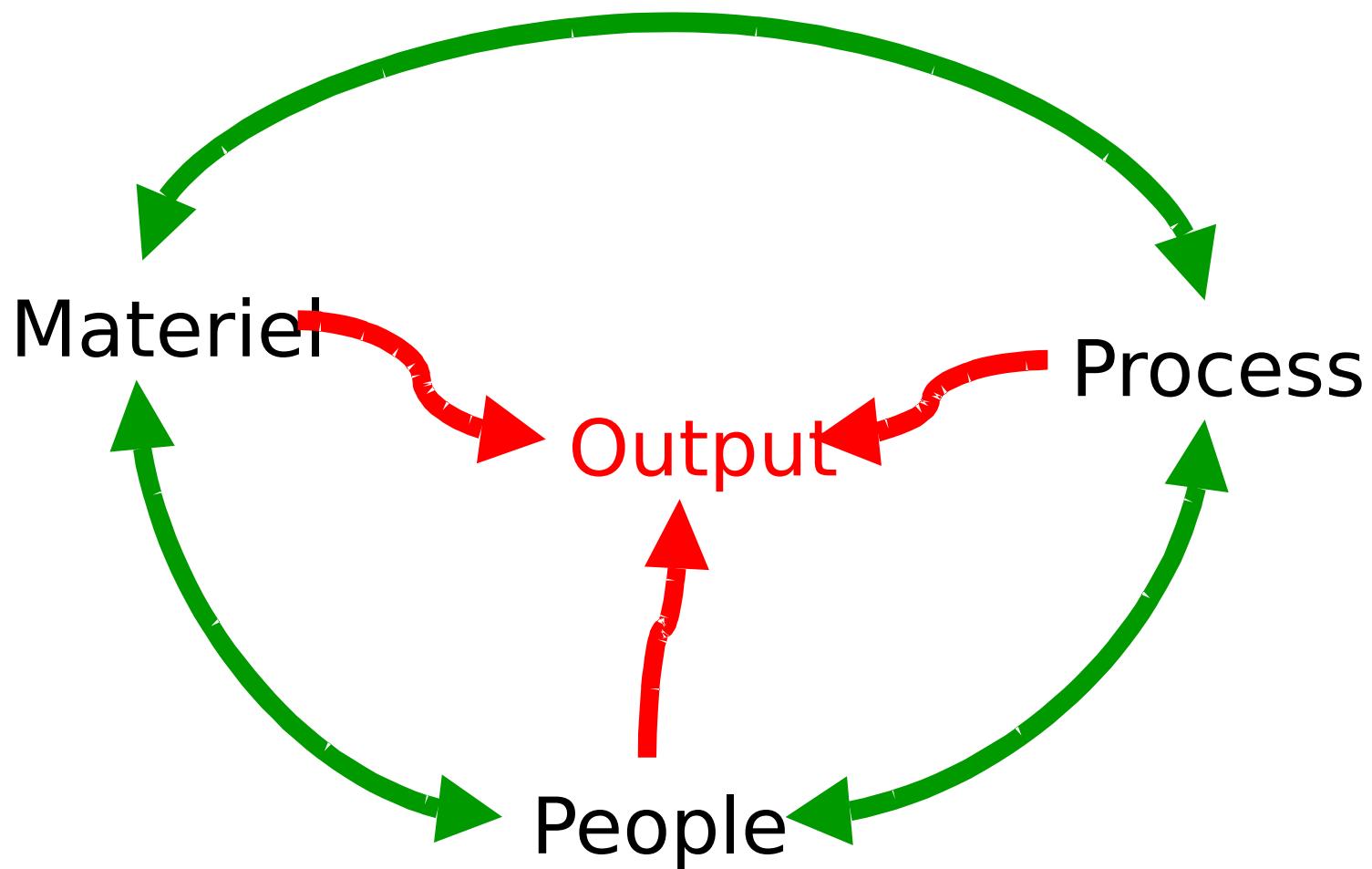
Define Operational Effectiveness (OE) as:

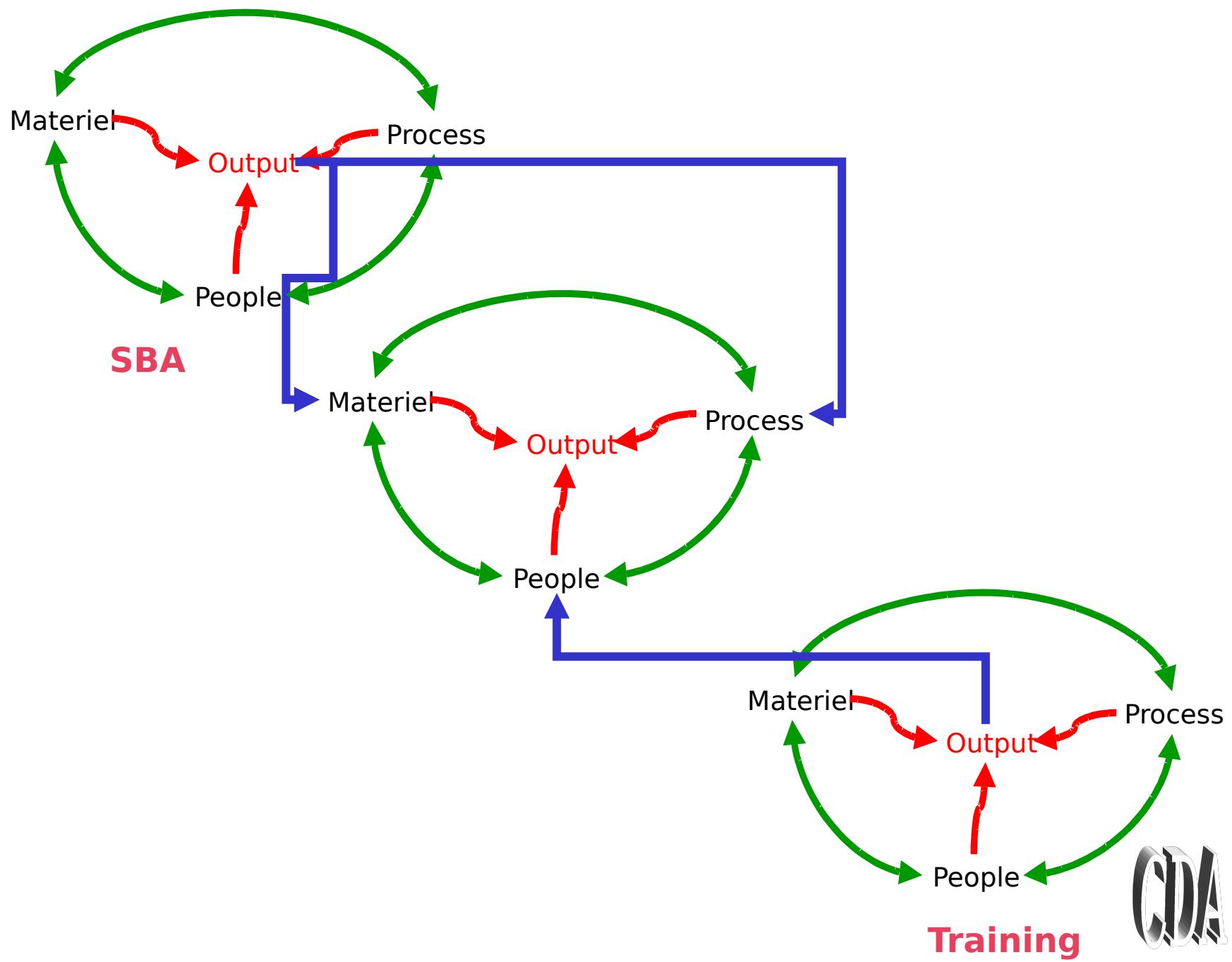
The Probability of Achieving a Military Task

$\text{Risk} = 1 - \text{OE}$

$\text{OE} = \text{Profit}$

The Enterprise





- **MoD/DoD have to maximise OE by**
 - **estimating it - now and in the future**
 - **deciding how to invest in men and/or materiel and/or process to fix politically unacceptable shortfalls**
 - **ensuring that a mechanism exists to ensure coherence between investments in these three areas**

Managing OE

- **Two ways of doing this**
 - **Implicit modelling aka pure judgement**
 - **Explicit modelling**
- **Benefits of explicit modelling**
 - **All stakeholders see all points of view**
 - **Trade-offs between men/materiel/process can be made coherent**
 - **auditable links to operational risk can be maintained**

Business Case Challenge for SBA

- **What is likely reduction in operational risk arising from investment in M&S at MoD/DoD level?**
 - From understanding the risk better?
 - From more coherent remedial strategies
 - From providing PMs with top-down targets for materiel performance?
 - From providing PMs with explicit insights into how men/process improvements will affect their programmes?
- **Reduced Risk = Less operational cost**